

## Message Text

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12

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-15 AGR-20 DRC-01 /172 W

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R 051545Z OCT 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3851

INFO AMEMBASSY MONTEVIDEO

LIMITED OFFICIAL USE BUENOS AIRES 7362

E.O. 11652: N/A

TAGS: ECON, ESTC, AR, CU, US

SUBJ: EXPORT CONTROLS: US SUBSIDIARIES IN ARGENTINE TRADE  
WITH CUBA

REF: A. BA 7222; B. BA 6775

1. THIS EMBASSY HAS REPORTED ALL KNOWN CASES OF APPROACHES BY ARGENTINE INDUSTRIAL ORGANIZATION OFFICIALS AND CUBAN PURCHASING MISSION (CPM) PERSONNEL TO US SUBSIDIARY FIRMS IN ARGENTINA IN CONNECTION WITH POSSIBLE SUPPLY OF EQUIPMENT BY SUCH FIRMS TO CUBA UNDER THE ARGENTINE LINE OF CREDIT ESTABLISHED IN LATE AUGUST. WE KNOW OF NO INSTANCES OF DIRECT PRESSURES BY GOA ON AMERICAN FIRMS TO DATE. HOWEVER EXECUTIVES OF US SUBSIDIARY FIRMS APPEAR TO FEEL THAT GOA IS WATCHING CLOSELY THEIR BEHAVIOR, WITH DIRECT PRESSURE A LIKELY NEXT MOVE. WHEN THEY MEET WITH EMBASSY OFFICERS, EXECUTIVES OF POSSIBLY AFFECTED FIRMS (AUTO, TRACTOR AND VEHICLE MANUFACTURERS, TIRE MANUFACTURERS, ETC.) ALMOST ALWAYS INITIATE NEW DISCUSSION ON THIS TOPIC.

2. REFLECTING THEIR CONCERN THAT DIRECT OR INDIRECT PRESSURES  
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BY THE GOA MAY INCREASE SOON, EXECUTIVES OF SEVERAL FIRMS ARE

EXPLORING, AT LEAST AS A MENTAL EXERCISE, WAYS IN WHICH THEY MIGHT BOTH COMPLY WITH US LAW AND SHOW THAT THEY SUPPORT THE GOA'S GOALS FOR INCREASING ARGENTINE EXPORTS. (SOME, PRESUMABLY, HAVE BUSINESS REASONS FOR WISHING TO PARTICIPATE IN THE CREDIT RISK FREE, VOLUME BUILDING OPPORTUNITY TO SELL UNDER THE ARGENTINE CREDIT.) MORE AND MORE, EMBASSY OFFICIALS ARE BEING ASKED WHAT THE EFFECT WOULD BE IF US SUBSIDIARY FIRMS WERE TO STATE TO THE CPM THAT THEY ARE NOT IN A POSITION TO MAKE A DIRECT SALES AND REFER THE CPM TO ONE OR MORE OF THE ARGENTINE OWNED DISTRIBUTING FIRMS WITH WHICH THEY OPERATE. ALMOST ALL US SUBSIDIARIES EXECUTIVES LINK SUCH SUGGESTIONS WITH STATEMENTS THAT THEY WOULD NOT WISH TO CONTRAVENE US LAW. NEVERTHELESS THEY SEEK A WAY TO AVOID DAMAGING THEIR FIRMS PUBLIC IMAGE OR ADDING TO POSSIBILITIES THAT THE GOA MAY IN THE FUTURE TREAT THEM IN AN ADVERSE DISCRIMINATORY FASHION FOR FAILURE TO COOPERATE IN SUPPLYING MANUFACTURED GOODS TO CUBA. THEY BELIEVE AS DOES THE EMBASSY THAT THE GOA HAS COMMITTED SO MUCH PRESTIGE TO ITS EXPORT DRIVE AND TO OPENING A NEW MARKET IN CUBA THAT IIT IS UNLIKELY TO OVERLOOK FAILURE BY US SUBSIDIARY FIRMS TO MAKE A LARGE CONTRIBUTION UNDER THE CREDIT LINE TO CUBA.

3. EMBASSY WOULD APPRECIATE DEPARTMENT'S COMMENTS CONCERNING ABOVE AND REPEATS REQUEST CONTAINED REFTELS FOR INFORMATION AND GUIDANCE USEFUL IN DISCUSSING SUBJECT WITH US FIRMS. TO DATE WE HAVE HAD ONLY SUBSTANCE OF STATE 117307 AS BACKGROUND FOR ADVISING US BUSINESSMEN AND LACK INFORMATION CONCERNING HOW PROBLEMS SUCH AS THOSE FACED BY US SUBSIDIARY FIRMS HERE HAVE BEEN MET AND SOLVED IN OTHER COUNTRIES SUCH AS CANADA, UK AND FRANCE WHICH TRADE RATHER EXTENSIVELY WITH CUBA.  
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